

61.542 Designation of principal and contingent beneficiaries -- Rights -- Effects of change in certain conditions -- Designation following cessation of membership.

- (1) Prior to the first day of the month in which the member receives his or her first retirement allowance and prior to the member filing a notification of retirement or a request for refund:
 - (a) Each member may designate on the form prescribed by the Authority a principal beneficiary and contingent beneficiary for his or her account or accounts. The principal beneficiary or contingent beneficiary designated by the member shall be:
 1. One (1) or more persons; or
 2. The member's estate; or
 3. A trust;
 - (b) If multiple persons are designated as provided by paragraph (a)1. of this subsection, the member shall indicate the percentage of total benefits each person is to receive.
 1. If percentages are not indicated, payments will be disbursed equally to the named beneficiaries.
 2. If the percentages indicated do not total one hundred percent (100%), each beneficiary shall receive an increased or decreased percentage which is proportional to the percentage allotted him or her by the member.
 3. If any of the multiple beneficiaries die prior to the member's death, the remaining beneficiaries shall be entitled to the deceased beneficiary's percentage of the total benefits, and each shall receive a percentage of the deceased's share which is equal to the percentage allotted them by the member;
 - (c) The principal and contingent beneficiary designation established by the member pursuant to paragraph (a) of this subsection shall remain in full force and effect until changed by the member, except:
 1. A final divorce decree terminates an ex-spouse's status as beneficiary, unless the member has on file in the retirement office a beneficiary designation that redesignates the ex-spouse as beneficiary subsequent to the issuance of the divorce decree;
 2. If a beneficiary or beneficiaries are convicted of any crime which prohibits that person or persons from receiving the benefits under KRS 381.280, the beneficiary or beneficiaries shall not be eligible for any of the benefits and the remaining beneficiary or beneficiaries or, if none, the member's estate, shall become the beneficiary; and
 3. When a notification of retirement has been filed at the retirement office, the designation of beneficiary on the notification of retirement, which shall be one (1) person, his or her estate, or a trust, shall supersede the designation of all previous beneficiaries, unless the notification of

retirement is withdrawn, invalid, or voided. If the notification of retirement is withdrawn, invalid, or voided, the prior beneficiary designation on file with the system shall remain in full force and effect until changed by the member; and

- (d) Except as provided by paragraph (c)3. of this subsection, if the member fails to designate a beneficiary for his or her account or if the beneficiary designation is determined to be void by the system, the member's estate shall become the beneficiary.
 - (e) If the member has more than one (1) account in the Kentucky Employees Retirement System, County Employees Retirement System, or State Police Retirement System, the member shall not be eligible to name differing beneficiaries for each system but shall instead complete one (1) beneficiary designation form which shall be applicable to all systems in which the member has an account.
- (2) If the member dies prior to the first day of the month in which the member would have received his or her first retirement allowance and prior to filing a notification of retirement or a request for refund, any retirement benefits shall be payable to the principal beneficiary, except that:
- (a) If the death of the principal beneficiary or beneficiaries precedes the death of the member, or if the principal beneficiary is terminated by a divorce decree, the contingent beneficiary or beneficiaries become the principal beneficiary or beneficiaries;
 - (b) If the principal beneficiary is one (1) person and is the member's spouse and they are divorced on the date of the member's death, the contingent beneficiary or beneficiaries become the principal beneficiary or beneficiaries;
 - (c) If the member is survived by his or her principal beneficiary or beneficiaries who subsequently die prior to having on file at the retirement office the necessary forms prescribed under authority of KRS 61.590, the contingent beneficiary shall become the principal beneficiary or beneficiaries;
 - (d) If the deaths of all the principal beneficiaries and all of the contingent beneficiaries precede the death of the member, the estate of the member becomes the beneficiary; and
 - (e) If the member dies as a direct result of an act in line of duty as defined in KRS 16.505 or 78.510, or dies as a result of a duty-related injury as defined in KRS 61.621, the surviving spouse shall supersede all previously designated principal or contingent beneficiaries, unless the deceased member files a valid beneficiary designation form with the retirement office after the date of marriage to the surviving spouse.
- (3) Prior to the first day of the month in which the member would have received his or her first retirement allowance, a monthly benefit payable for life shall not be offered if the beneficiary designated under subsection (1) of this section is more than one (1) person, the member's estate, or a trust.
- (4) When a notification of retirement as provided by KRS 61.590 or a form to change

beneficiaries as provided by subsection (5)(a) and (b) of this section has been filed at the retirement office:

- (a) The designation of beneficiary on the notification of retirement or beneficiary change form shall supersede the designation of all previous beneficiaries;
 - (b) The beneficiary designated by the member on the member's notification of retirement or beneficiary change form shall be one (1) person, the member's estate, or a trust; and
 - (c) If the death of the beneficiary named on the notification of retirement precedes the first day of the month in which the member receives his or her first retirement allowance, the member may designate another beneficiary on the member's notification of retirement.
- (5) On or after the first day of the month in which the member receives his or her first retirement allowance, the member shall not have the right to change his or her beneficiary, except that:
- (a) A retired member receiving the monthly retirement allowance under the basic payment option, a period certain option as provided by KRS 61.635(5) to (7), or the Social Security adjustment option without survivor rights as provided by KRS 61.635(8)(a) may elect to change his or her beneficiary at any time by filing a beneficiary change form as prescribed by the board with the retirement office. This paragraph shall not authorize a retired member to change the payment option he or she selected upon retirement;
 - (b) A retired member receiving a monthly retirement allowance who marries or remarries following retirement may make a one (1) time election within one hundred twenty (120) days of marriage or remarriage to provide monthly survivorship benefits to his or her new spouse by:
 - 1. Designating his or her new spouse as beneficiary by filing a beneficiary change form as prescribed by the board with the retirement office; and
 - 2. Selecting a new monthly retirement allowance option under one (1) of the survivorship options provided by KRS 61.635(2), (3), (4), and (8)(b). Any new survivorship payment option shall be actuarially equivalent to the monthly retirement allowance the retired member was receiving prior to the change and shall not impact any other benefits otherwise payable to an alternate payee under KRS 61.690;
 - (c) The estate of the retired member becomes the beneficiary if the date of death of the beneficiary precedes or coincides with the date of death of the retired member, and the retired member had not elected a new beneficiary under this subsection;
 - (d) The estate of the retired member becomes the beneficiary if the retired member had designated a person as beneficiary who was the spouse or who later married the member and they were divorced on the date of the retired member's death, and the retired member had not elected a new beneficiary under this subsection. An ex-spouse who was the named beneficiary on the member's notification of retirement shall be reinstated as the member's

beneficiary for the payment options provided by KRS 61.635(2), (3), (4), and (8)(b) if they are remarried to each other as of the date of the retired member's death, and the retired member had not elected a new beneficiary under this subsection;

- (e) The estate of the member shall not receive monthly payments if the member selected one (1) of the payment options provided by KRS 61.635(2), (3), (4), and (8)(b); and
 - (f) For purposes of this subsection, "basic payment option" means the lifetime monthly retirement allowance otherwise provided to the retired member under KRS 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852 that is not one (1) of the optional retirement plans provided under KRS 61.635.
- (6) Following cessation of membership as provided by KRS 61.535 or 78.540, no beneficiary designation in one (1) account shall be effective for any new retirement account established. If the member fails to designate a beneficiary for his or her new retirement account or if the beneficiary designation is determined to be void by the system, the member's estate shall become the beneficiary.

Effective: June 29, 2021

History: Amended 2021 Ky. Acts ch. 96, sec. 3, effective June 29, 2021; and ch. 102, sec. 48, effective April 1, 2021. -- Amended 2018 Ky. Acts ch. 151, sec. 4, effective April 13, 2018. -- Amended 2017 Ky. Acts ch. 32, sec. 7, effective June 29, 2017. -- Amended 2010 Ky. Acts ch. 173, sec. 3, effective July 15, 2010. -- Amended 2004 Ky. Acts ch. 36, sec. 9, effective July 13, 2004. -- Amended 2000 Ky. Acts ch. 385, sec. 12, effective July 14, 2000. -- Amended 1996 Ky. Acts ch. 167, sec. 8, effective July 15, 1996. -- Amended 1994 Ky. Acts ch. 485, sec. 9, effective July 15, 1994. -- Amended 1992 Ky. Acts ch. 240, sec. 17, effective July 14, 1992. -- Amended 1986 Ky. Acts ch. 90, sec. 9, effective July 15, 1986. -- Amended 1978 Ky. Acts ch. 311, sec. 11, effective June 17, 1978. -- Amended 1976 Ky. Acts ch. 321, sec. 14. -- Amended 1972 Ky. Acts ch. 116, sec. 28. -- Created 1966 Ky. Acts ch. 35, sec. 16.

Legislative Research Commission Note (6/29/2021). This statute was amended by 2021 Ky. Acts chs. 96 and 102, which do not appear to be in conflict and have been codified together.